



# LITTLE HOOVER COMMISSION

**FOR IMMEDIATE RELEASE**

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## **To Reclaim Prosperity, Fundamental Reforms Necessary in Health and Human Services**

California's \$60 billion health and human service system is not meeting essential needs and the demands on the system are growing faster than programs can respond, the Little Hoover Commission told policy-makers Wednesday.

The Commission recommended comprehensive reforms to how hundreds of departments and programs are organized, managed and funded to ensure that more Californians are healthy, safe and self-sufficient.

"Health and human services are part of the infrastructure that enables all Californians to be safe and healthy so they can pursue their economic and other personal goals," said Commission Chairman Michael E. Alpert. "But the level and quality of services need to be improved even as demands grow."

The Commission offered detailed recommendations for re-engineering state operations, redefining state-local relationships, improving how funding is allocated to local agencies, and bolstering accountability. Together, its recommendations would forge a strategic partnership between the State, federal agencies and local governments to improve the quality of life for Californians.

"These are real lives. We need real reforms," said Alpert. "Change will be difficult, but worth the effort."

The State's fiscal crisis could help drive reforms. But California has had trouble keeping pace with other states during both good and bad economic times.

- One in six children in California does not have health insurance, ranking California 43rd in the nation for ensuring health coverage for its youngest residents. The State ranks 48th on health coverage for the population overall.
- California ranks 36th for the number of children who experience abuse and neglect and 49th for the percentage removed from their homes as a result.
- The State is 24th in the nation for crime overall and 41st for violent crime.
- The State has nearly the highest rate of illicit drug use in the nation, yet California has the greatest gap between the demand for treatment and treatment resources.
- An estimated 360,000 Californians are homeless each day. Some 80,000 to 95,000 children are living in cardboard boxes, the family car or are shuttled from shelter to shelter because their families cannot afford minimal levels of housing.

Under the Health and Human Services Agency, the State operates hundreds of programs to protect public health, and provide health care, drug treatment and other services that help Californians move into employment and housing or live independently. The Commission found that the State does not make the best use of limited resources.

California spends \$1.1 billion on state bureaucracy, but those resources are not dedicated to leveraging improvements in the \$55 billion that is spent through local agencies or the \$4 billion spent by state departments to provide direct services.

The 13 major departments and five smaller entities within the Health and Human Services Agency are rife with duplication: Five departments license or certify facilities and personnel. Seven departments are involved with Medi-Cal, the State's primary health insurance program for low-income Californians. More than 60 data systems gather, analyze or report information on people served, but data are not shared to improve services. The State has scores of oversight and advisory boards, many with overlapping missions.

The disparate and duplicate nature of state operations drives up costs as local agencies are forced to work through the State's complicated bureaucracy.

In its report, *Real Lives, Real Reforms: Improving Health and Human Services*, the Commission recommends fundamental reforms to state departments to focus attention on quality and efficiency. A 10 percent improvement in the efficiency of local programs – either through increased prevention, reduced demand for services, or lower administrative costs – could yield the equivalent of \$5.5 billion in new funding, the Commission stated.

While the fiscal crisis has focused attention on the importance of services, neither raising taxes nor cutting programs will solve the problem of inefficient or ineffective services, the Commission concluded. "Whether the State has more or less money to spend, it must be spent well," commented Alpert. "California can dramatically improve services, but to do so policy-makers and administrators must set goals and priorities and focus on quality."

The Commission recommended giving greater responsibility and authority to the counties for providing services. It recommended streamlining and stabilizing funding by expanding the use of local trust funds and consolidating categorical funding. And it recommended improving accountability to ensure that the quality of services improves.

The Commission's expectation is that its report will provide crucial analysis to the Governor's California Performance Review and the Legislature's budget and policy deliberations and help restore California's leadership in addressing the needs of individuals and communities.

The Little Hoover Commission is a bipartisan and independent state agency charged with recommending ways to increase the efficiency and effectiveness of state programs. The Commission's recommendations are sent to the Governor and the Legislature. To obtain a copy of the report, *Real Lives, Real Reforms: Improving Health and Human Services*, contact the Commission or visit its Web site: [www.lhc.ca.gov](http://www.lhc.ca.gov).